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Fifteenth Annual Report

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DeCOURSEY-BREWIS MINERALS LIMITED

as at May 31st, 1961

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References

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AUDITORS

McDONALD, NICHOLSON & CO.
Toronto, Ontario

CONSULTING GEOLOGIST

GEORGE L. HOLBROOKE
Toronto, Ontario

REGISTRAR AND TRANSFER AGENTS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario
BANK OF NEW YORK
New York City, U.S.A.

**ALASKA MINES AND MINERALS
INCORPORATED**
ANCHORAGE, ALASKA

OFFICERS

R. G. WOLFE	-	-	-	-	-	-	-	-	-	-	-	President
ROBERT F. LYMAN	-	-	-	-	-	-	-	-	-	-	-	Vice-President
H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
MRS. JULIANA WILSON,	Attorney-at-Law						-	-	-	-	-	Assistant Secretary

DIRECTORS

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REPORT TO SHAREHOLDERS

To the Shareholders:

Your Directors submit herewith the Fifteenth Annual Report as at May 31, 1961. It includes consolidated financial statements of DeCoursey-Brewis Minerals Limited and its wholly-owned subsidiary, Alaska Mines and Minerals Incorporated, financial statements of DeCoursey-Brewis Minerals Limited, and of Alaska Mines and Minerals Incorporated. These are all drawn as at May 31, 1961 and are reported upon by the Auditors of the Company, McDonald, Nicholson & Co., Chartered Accountants.

ALASKAN OPERATION

The Company's major activity continues to be the operation of the producing mercury property in Alaska, owned by Alaska Mines and Minerals Incorporated, the results of which are set out in the financial statements of Alaska Mines and Minerals Incorporated. In order to present operating results more realistically, the subsidiary company changed its accounting policy in 1961 by apportioning mine supervision and staff salaries to production costs and administrative expense instead of charging them to administrative expense as was done in prior years. The 1960 figures appearing both in the financial statements and in the table below have been adjusted to permit comparison.

The following table contains additional statistics that are of interest:

	1961	1960
Number of tons of ore mined	11,146	10,845
Number of tons of ore milled	10,657	10,503
Number of flasks of mercury produced	4,484	3,588
Number of pounds of mercury produced	340,784	272,688
Pounds of mercury produced per ton of ore milled	31.98	25.96
Total production cost	\$804,680.00	\$758,637.00
Cost per ton milled	\$ 75.51	\$ 72.23
Number of flasks of mercury sold	4,453	3,503
Proceeds from sales	\$882,800.00	\$743,160.00
Average selling price per flask	\$ 198.25	\$ 212.15

Although the price of mercury dropped considerably during the year ended May 31, 1961, a substantial increase in sales volume is largely responsible for the improvement in results from operations.

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

Production and sales have continued at a high enough rate since the end of the Company's fiscal year to generate a small profit before provision for depreciation in spite of further reductions in the selling price of mercury.

CANADIAN PROPERTIES

Red Lake

Discoveries, development, and extension of orebodies in the Red Lake Area in recent months have been most encouraging. Your Management is watching these with keen interest.

GENERAL

Your Directors wish to record their appreciation for the cooperation and excellent assistance received from Messrs. R. G. Wolfe and R. F. Lyman, President and Vice-President respectively of Alaska Mines and Minerals Incorporated.

If you are unable to attend the Shareholders' Meeting in person, kindly return the enclosed Proxy at your early convenience.

Respectfully submitted on behalf of the Board,

A. W. WHITE,
President.

De COURSEY - BREWIS MINERALS LIMITED

and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

NOTES TO BALANCE SHEET

31st May, 1961

- (1) The accounts of the wholly-owned United States subsidiary included in the accompanying Financial Statements have been stated at par of exchange. The Company's former accounting practice was to convert United States currency to Canadian dollars on the following bases:
 - Current Assets and Current Liabilities — at the rate in effect at 31st May.
 - Additions to Buildings, Equipment.
 - Development and Exploration Expenditures — at the average monthly rates for the year.
 - Operating Income and Expenditures — at the average monthly rates for the year.

This change in accounting policy resulted in a net decrease in shareholders equity of \$12,714.00.

- (2) The shares of the Subsidiary were acquired at an aggregate cost of \$332,620.46 in excess of their book value at the date of acquisition, which included a deficit of \$154,861.96 at that date.
- (3) In the Trust Indenture under which the 6% Sinking Fund Debentures have been issued, the Company covenants that it will not declare or pay dividends on its Capital Stock so long as any of the Debentures remain outstanding.
- (4) The Subsidiary Company, Alaska Mines and Minerals Incorporated, is contingently liable under presently outstanding litigation arising out of an award of the Alaska Industrial Board dated 12th June, 1957, awarding total and partial disability compensation, medical care payment and attorney's fees and penalties in a sum totalling less than \$25,000.00 payable to the Estate of an injured employee.
- (5) During 1961 the Subsidiary Company changed its accounting policy in respect to the distribution of mine staff salaries by charging certain amounts to Production Costs rather than to Administrative Expense. The effect of this change was to increase Production Costs by \$39,782.00 and to reduce Administrative Expenses by the same amount.

Auditors' Report

To the Shareholders,
DeCoursey-Brewis Minerals Limited,
TORONTO, Ontario.

We have examined the Consolidated Balance Sheet of DeCOURSEY-BREWIS MINERALS LIMITED and its wholly-owned Subsidiary, ALASKA MINES AND MINERALS INCORPORATED, expressed in Canadian Funds at par of exchange, as at 31st May, 1961, and the related Statements for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Statements present fairly the combined financial position of the Companies at 31st May, 1961, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent, except as described in Notes 1 and 5, with that of the preceding year.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 11th July, 1961.

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CONSOLIDAT

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ASSETS

Current Assets

Cash on Hand and in Banks	\$ 16,902.54	
Accounts Receivable	5,378.36	
Inventories — Mercury on Hand and in Transit, at estimated realizable value	100,493.00	
Operating Materials and Supplies, at laid-down cost	104,265.95	
Prepaid Charges	16,276.65	\$ 243,316.50

Long-Term Account Receivable

McCally Trading Company, Inc.		32,609.11
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Fixed Assets, at cost

Buildings	\$ 341,366.47	
Equipment, Furniture and Fixtures	632,570.62	
Oil Storage Tanks	25,853.92	
Sewer, Water, Power and Fuel Lines	60,708.87	
	<u>\$ 1,060,499.88</u>	
Less: Accumulated Depreciation	550,578.36	\$ 509,921.52
		<u>643,250.07</u>
Mining Claims and Properties	133,328.55	

Other Assets

Unlisted Shares of Other Companies, at book value	\$ 22,000.00	
Exploration Expenditure on Outside Properties, per Statement herewith	86,815.31	
Preliminary Development, Administrative Costs and Other Charges, per Statement herewith	222,404.93	331,220.24

Excess of Cost to Parent Company over book value of Subsidiary Company at date of acquisition (Note 2)		332,620.46
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Unamortized Bond Discount and Expense		5,394.48
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Organization Expense		5,947.61
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\$ 1,594,358.47

MINERALS LIMITED

ned Subsidiary

MINERALS INCORPORATED

BALANCE SHEET

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LIABILITIES

Current Liabilities

Bank Overdraft	\$	14,576.16	
Bank Loan Payable		115,332.12	
Accounts Payable and Accrued Charges		194,009.87	
Accrued and Withheld Taxes and Insurance		9,761.08	
Notes Payable		226,638.63	
Bond Interest Accrued		25,800.00	
Option Payable		3,160.15	\$ 589,278.01

Long-Term Liabilities

Advances to Subsidiary Company from Defence Minerals Exploration Administration	\$	31,500.00	
First Mortgage 6% Sinking Fund Debentures, per Statement herewith (Note 3)		514,000.00	545,500.00

Capital

Capital Stock			
Authorized 5,000,000 shares of Par Value \$1.00 each	\$	<u>5,000,000.00</u>	
Issued and Fully Paid, 3,866,390 shares, per Statement herewith	\$	2,572,257.48	
Surplus arising from Reorganization of Capital Structure		43,066.05	
		<u>\$ 2,615,323.53</u>	

Deduct:

Exploration Account, at debit, per Statement herewith	\$	977,214.43	
Deficit, per Statement of Operations herewith		<u>1,178,528.64</u>	<u>2,155,743.07</u>
			459,580.46

Contingent Liability (Note 4)

Approved on behalf of the Board:

A. W. WHITE, Director.

L. W. McILMURRAY, Director.

The accompanying Notes are an integral part of this Statement.
Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 11th July, 1961.

\$ 1,594,358.47

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF CAPITAL STOCK

For the year ended 31st May, 1961

Issued and Outstanding	Par Value	Discount	Net
Balance, 31st May, 1960 (no change in year)	\$ 3,866,390.00	\$ 1,294,132.52	\$ 2,572,257.48

STATEMENT OF FIRST MORTGAGE 6% SINKING FUND DEBENTURES

Due 1st June, 1962, payable as to principal and interest in

United States Currency

	U.S. Dollars
Authorized and Issued	\$600,000.00
Deduct:	
Debentures purchased by the Company for deposit with the Trustee for the Debenture holders for cancellation under the terms of the Trust Indenture	86,000.00
Balance, 31st May, 1961	\$514,000.00

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended 31st May, 1961

(RED DEVIL MINE)

Income		
Sales of Refined Mercury		\$ 882,800.00
Cost of Sales — not including Depreciation		
Mercury Inventory, 1st June, 1960	\$ 95,290.60	
Production Costs (Note 5)	804,680.21	
	\$ 899,970.81	
Less: Mercury Inventory, 31st May, 1961	100,493.00	799,477.81
Gross Profit		\$ 83,322.19
Sales and Administrative Expenses (Note 5)		65,384.57
Net Profit from Operations before Provision for Depreciation		\$ 17,937.62
Deduct:		
Provision for Depreciation		79,975.54
Net Loss from Operations before Other Income and Expense		\$ 62,037.92
Other Income and Expense		
Rental Income	\$ 19,280.59	
Less: Interest Paid	9,627.42	9,653.17
Net Loss for the year		\$ 52,384.75
Deficit, 31st May, 1960	\$ 1,086,884.46	
Add: Foreign Exchange Adjustment (Note 1)	39,259.43	1,126,143.89
Deficit, 31st May, 1961		<u>\$ 1,178,528.64</u>

CONSOLIDATED STATEMENT OF PRELIMINARY DEVELOPMENT, ADMINISTRATIVE COSTS AND OTHER CHARGES

For the year ended 31st May, 1961

Balance, 31st May, 1960	\$235,056.53
Add:	
Fees, Licenses and Taxes	103.19
	<u>\$235,159.72</u>
Deduct:	
Foreign Exchange Adjustment (Note 1)	12,754.79
Balance, 31st May, 1961	<u>\$222,404.93</u>

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

CONSOLIDATED STATEMENT OF EXPLORATION EXPENDITURE ON OUTSIDE PROPERTIES

For the year ended 31st May, 1961

Exploration Expenses			
Miscellaneous Field Expenses	\$	145.04	
Technical Services		250.00	
	\$	395.04	
Less: Royalty on Gold Production		272.77	\$ 122.27
Balance, 31st May, 1960	\$236,342.97		
Add: Foreign Exchange Adjustment (Note 1)		721.68	237,064.65
			<u>\$237,186.92</u>
Deduct:			
Amounts written-off and transferred to Exploration Account			150,371.61
Balance, 31st May, 1961			<u>\$ 86,815.31</u>
Exploration Expenditures	\$	36,789.91	
Property Purchase and Option Payments		50,025.40	
	\$	<u>86,815.31</u>	<u>\$ 86,815.31</u>

CONSOLIDATED EXPLORATION ACCOUNT

For the year ended 31st May, 1961

Indirect Expenses			
Annual Meeting Expense	\$	1,308.09	
Head Office Maintenance		3,000.00	
Printing, Stationery and Office Expense		508.62	
Professional Services		753.20	
Share Issue Expense		79.25	
Transfer Agent's Fees and Expense		1,901.81	\$ 7,550.97
Outside Exploration Written-off			150,371.61
Other Charges			
Bond Interest	-\$	30,840.00	
Bond Discount and Expense		5,394.48	
Loan Interest		11,661.77	
	\$	<u>47,896.25</u>	
Less:			
Foreign Exchange		2,996.65	44,899.60
			<u>\$202,822.18</u>
Balance, at debit, 31st May, 1960	\$785,064.63		
Less: Foreign Exchange Adjustment (Note 1)		10,672.38	774,392.25
Balance, 31st May, 1961			<u>\$977,214.43</u>

NOTES TO BALANCE SHEET

31st May, 1961

- (1) In the Trust Indenture under which the 6% Sinking Fund Debentures have been issued, the Company covenants not to declare or pay dividends on its Capital Stock so long as any of the Debentures remain outstanding.
- (2) For purposes of preparation of the attached Statements items recorded in the Company's accounts at 31st May, 1961, in United States Currency, were converted to Canadian Currency at par of exchange.
- (3) Net loss of the Company's wholly-owned Subsidiary, Alaska Mines and Minerals Incorporated for the year ended 31st May, 1961, amounts to \$95,524.75. The net loss of the wholly-owned Subsidiary since the acquisition of its shares by DeCoursey-Brewis Minerals Limited amounts to \$1,271,047.56.

Auditors' Report

To the Shareholders,
DeCoursey-Brewis Minerals Limited,
TORONTO, Ontario.

We have examined the Balance Sheet of DeCOURSEY-BREWIS MINERALS LIMITED as at 31st May, 1961, together with the Statement of Preliminary Development, Administrative Costs and Other Charges, Statement of Expenditure on Outside Mining Properties and Exploration Account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related Statements present fairly the financial position of the Company at 31st May, 1961, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 17th July, 1961.

ASSETS

Current Assets

Cash in Banks	\$	6,684.03	
Accounts Receivable		3,339.44	\$ 10,023.47

Interest in Wholly-Owned Subsidiary Alaska Mines and Minerals Incorporated

Shares, at cost	\$	480,000.00	
Advances		1,748,288.18	2,228,288.18

Fixed Assets, at cost

Mining Claims and Properties	\$	121,328.55	
Preliminary Development, Administrative Costs and Other Charges, per Statement herewith		150,524.47	271,853.02

Other Assets

Interest in Outside Mining Companies and Mining Properties, at cost, less
amounts written off:

Shares of Other Mining Companies	\$20,000.00		
Exploration Expenditures on Outside Mining Properties, per Statement herewith	53,862.94	\$ 73,862.94	
Shares of Other Companies		2,000.00	75,862.94

Unamortized Bond Discount and Expense 5,394.48

Organization Expense 5,947.61

\$ 2,597,369.70

The accompanying Notes are an integral part of this Statement.

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 17th July, 1961.

MINERALS LIMITED

SHEET

1961

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges	\$	92,662.42	
Notes Payable		220,000.00	
Bond Interest Accrued		25,800.00	\$ 338,462.42

First Mortgage 6% Sinking Fund Debentures, per Statement herewith	514,000.00
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Capital

Capital Stock

Authorized 5,000,000 shares of Par Value \$1.00 each \$ 5,000,000.00

Issued and Outstanding, 3,866,390 shares per Statement herewith \$ 2,572,257.48

Surplus arising from Reorganization of Capital Structure 43,066.05

\$ 2,615,323.53

Exploration Account, at debit, per Statement herewith	870,416.25	1,744,907.28
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Approved on behalf of the Board:

A. W. WHITE, Director.

L. W. McILMURRAY, Director.

\$ 2,597,369.70

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

STATEMENT OF CAPITAL STOCK

For the year ended 31st May, 1961

Issued and Outstanding	Par Value	Discount	Net
Balance, 31st May, 1960 (no change in year)	\$ 3,866,390.00	\$ 1,294,132.52	\$ 2,572,257.48

STATEMENT OF FIRST MORTGAGE 6% SINKING FUND DEBENTURES

Due 1st June, 1962, payable as to principal and interest in

United States Currency

	U.S. Dollars
Authorized and Issued	\$ 600,000.00
Deduct:	
Debentures purchased by the Company for deposit with the Trustee for the Debenture holders for cancellation under the terms of the Trust Indenture	86,000.00
Balance, 31st May, 1961	\$ 514,000.00

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

EXPLORATION ACCOUNT

For the year ended 31st May, 1961

Indirect Expenses

Annual Meeting Expense	\$ 1,308.09	
Head Office Maintenance	3,000.00	
Printing, Stationery and Office Expense	508.62	
Professional Services	753.20	
Share Issue Expense	79.25	
Transfer Agent's Fees	1,901.81	\$ 7,550.97
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Outside Exploration Written Off	150,371.61
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Other Charges

Bond Interest	\$30,840.00
Bond Discount and Expense	5,394.48
Loan Interest	11,661.77
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	\$47,896.25

Deduct:

Interest Income	\$43,140.00		
Foreign Exchange Adjustment	16,708.91	(59,848.91)	(11,952.66)
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Balance, 31st May, 1960	\$145,969.92
	724,446.33

Balance, 31st May, 1961	<u>\$870,416.25</u>
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**STATEMENT OF PRELIMINARY DEVELOPMENT,
ADMINISTRATIVE COSTS AND OTHER CHARGES**

For the year ended 31st May, 1961

Balance, 31st May, 1960	\$150,421.28
Add:	
Taxes	103.19
Balance, 31st May, 1961	<u>\$150,524.47</u>

**STATEMENT OF EXPLORATION EXPENDITURE ON
OUTSIDE MINING PROPERTIES**

For the year ended 31st May, 1961

Exploration Expenses

Engineering and Technical Services	\$ 250.00	
Miscellaneous Field Expenses	145.04	
	<u>\$ 395.04</u>	
Less: Royalty on Gold Production	272.77	\$ 122.27
Balance, 31st May, 1960		204,112.28
		<u>\$204,234.55</u>
Deduct:		
Amount transferred to Exploration Account		150,371.61
Balance, 31st May, 1961, transferred to Balance Sheet		\$ 53,862.94
Property Purchase and Option Payments	\$25,025.40	
Exploration Expenditure	28,837.54	
	<u>\$53,862.94</u>	<u>\$ 53,862.94</u>

ALASKA MINES AND MINERALS INCORPORATED

Auditors' Report

To the Board of Directors,
Alaska Mines and Minerals Incorporated,
ANCHORAGE, Alaska.

We have examined the Balance Sheet of ALASKA MINES AND MINERALS INCORPORATED as at 31st May, 1961, and the related Statements of Operations and Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Balance Sheet and Statements of Operations and Deficit present fairly the financial position of ALASKA MINES AND MINERALS INCORPORATED at 31st May, 1961, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent, except as described in the Note to the Statement of Operations, with that of the preceding year.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 10th July, 1961.

ALASKA MINES AND M

BALANCE

31st May

(With Comparative Figure)

ASSETS

	1961	1960
Current Assets		
Cash on Hand and in Bank	\$ 10,218.51	\$ 1,226.02
Accounts Receivable		
Mercury	\$ 500.00	250.00
Employees	475.39	287.39
Other	1,907.53	2,794.50
Inventories		
Mercury at selling price less estimated marketing cost	\$ 100,493.00	95,290.60
Operating Supplies, at cost or market whichever is lower	104,265.95	123,699.40
Prepaid Insurance	3,196.46	2,658.75
Refundable Deposit	30.00	30.00
Prepaid Expense	13,050.19	14,654.11
	<u>\$234,137.03</u>	<u>\$ 240,890.77</u>
Long Term Account Receivable		
McCally Trading Company Inc.	32,609.11	\$ 30,760.69
Fixed Assets, at cost		
Buildings	\$ 341,366.47	\$ 339,893.12
Equipment, furniture and fixtures	632,570.62	615,925.71
Oil storage tanks	25,853.92	25,853.92
Sewer, water, power and fuel lines	60,708.87	60,708.87
	<u>\$ 1,060,499.88</u>	<u>\$ 1,042,381.62</u>
Deduct: Accumulated Depreciation	550,578.36	471,962.36
	<u>\$ 509,921.52</u>	<u>\$ 570,419.26</u>
Mining Properties	12,000.00	12,000.00
Construction in Progress	—	1,034.63
	<u>521,921.52</u>	<u>\$ 583,453.89</u>
Other Assets		
Deferred Exploration and Development, DeCoursey Mountain Claims, at cost	71,880.46	\$ 71,883.46
Outside Exploration		
Property Purchase and Option Payments	\$ 25,000.00	\$ 25,000.00
Exploration Expenditures	7,952.37	7,952.37
	<u>32,952.37</u>	<u>\$ 32,952.37</u>
	<u><u>\$893,500.49</u></u>	<u><u>\$ 959,941.18</u></u>

NERALS INCORPORATED

SHEET
1961

31st May, 1960)

LIABILITIES

	1961	1960
Current Liabilities		
Bank Overdraft	\$ 14,576.16	\$ 17,922.63
Notes and Contracts Payable	121,970.75	72,718.99
Wages and Salaries Payable	2,469.63	2,469.63
Accounts Payable — trade	52,267.52	99,726.37
Accrued and withheld Taxes and Insurance ..	9,761.08	11,778.03
Royalties Payable	47,454.30	53,929.88
Option Payable	3,160.15	4,000.00
	<u>\$ 251,659.59</u>	<u>\$ 262,545.53</u>
Non-Current Liabilities		
D.M.E.A. Advances	31,500.00	\$ 31,500.00
Parent Company Advances		
6% Notes Payable	\$ 719,000.00	
Accrued Interest	53,288.18	
	<u>\$ 772,288.18</u>	
Non-Interest Bearing Note Payable	976,000.00	1,748,288.18
	<u>1,748,288.18</u>	<u>\$ 1,708,318.18</u>
Capital Stock and Deficit		
Capital Stock		
Authorized 3,500,000 shares of par value \$1.00 each	<u>\$ 3,500,000.00</u>	
Issued and Fully Paid 300,000 shares	\$ 300,000.00	\$ 300,000.00
Capital Surplus	2,241.50	2,241.50
	<u>\$ 302,241.50</u>	<u>\$ 302,241.50</u>
Deficit, per Statement herewith	(1,440,188.78)	(1,344,664.03)
	<u>(1,137,947.28)</u>	<u>\$ (1,042,422.53)</u>

NOTE: The Company is contingently liable under presently outstanding litigation arising out of an award of the Alaska Industrial Board dated 12th June, 1957, awarding total and partial disability compensation, medical care payment and attorney's fees and penalties in a sum totalling less than \$25,000.00 payable to the Estate of an injured employee.

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 10th July, 1961.

<u>\$ 893,500.49</u>	<u>\$ 959,941.18</u>
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ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF DEFICIT

For the year ended 31st May, 1961

(With Comparative Figures for the year ended 31st May, 1960)

	<u>1961</u>	<u>1960</u>
Balance, 1st June	\$ 1,344,664.03	\$ 1,025,901.20
Add: Net Loss for the year	95,524.75	318,762.83
Balance, 31st May	<u>\$ 1,440,188.78</u>	<u>\$ 1,344,664.03</u>

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF OPERATIONS

For the year ended 31st May, 1961

(With Comparative Figures for the year ended 31st May, 1960)

	1961	1960
Income		
Sales of Refined Mercury	\$882,800.00	\$ 743,160.50
Cost of Sales		
Inventory of Mercury, 1st June	\$ 95,290.60	\$ 95,155.54
Production Costs, per Schedule herewith	804,680.21	758,636.82
	\$899,970.81	\$ 853,792.36
Inventory of Mercury, 31st May	100,493.00	95,290.60
	799,477.81	\$ 758,501.76
Gross Profit (Loss)	\$ 83,322.19	\$ (15,341.26)
Sales and Administrative Expense		
Marketing Expense	\$ 12,789.75	\$ 11,433.00
Office Salaries and Expense	15,416.21	16,777.23
Audit and Legal	2,611.00	4,343.27
Travel and Entertainment	4,887.19	9,511.87
Technical and Professional Services	—	258.50
Telephone and Telegraph	529.13	632.89
Workmen's Compensation Insurance	42.34	57.14
Fire and Other Insurance	13,718.70	14,931.37
Other Expense	390.25	554.24
Mine Management	15,000.00	15,000.00
	\$ 65,384.57	\$ 73,499.51
Operating Profit (Loss)	\$ 17,937.62	\$ (88,840.77)
Other (Income) and Expense		
Rental Income	\$ (19,280.59)	\$ (12,453.51)
Interest Expense	52,767.42	47,719.99
	33,486.83	35,266.48
(Loss) Before Provision for the following	\$ (15,549.21)	\$ (124,107.25)
Provision for Depreciation	\$ 79,975.54	\$ 85,510.42
Amortization of Deferred Exploration and Development Costs	—	105,129.43
Loss on Sale of Fixed Assets	—	(218.75)
Cost of Registration — Securities and Exchange Commission	—	4,234.48
	79,975.54	\$ 194,655.58
Net Loss for the year	\$ 95,524.75	\$ 318,762.83

NOTE: In 1961 the Company changed its accounting policy in respect to the distribution of mine staff salaries by charging certain amounts to Production Costs rather than Administrative Expense. The 1960 figures herewith have been reclassified to reflect this change for comparative purposes.

ALASKA MINES AND MINERALS INCORPORATED

SCHEDULE OF PRODUCTION COSTS

For the year ended 31st May, 1961

(With Comparative Figures for the year ended 31st May, 1960)

	1961	1960
Direct Labour, Material and Expense		
Mining	\$385,596.88	\$352,007.68
Milling	127,514.25	127,324.00
	<u>\$513,111.13</u>	<u>\$479,331.68</u>
Other Direct Charges		
Freight Out	\$ 31,840.29	\$ 23,433.91
Royalty Expense	83,930.43	70,795.65
Payroll Taxes	20,373.84	18,279.47
Workmen's Compensation Insurance	34,868.92	33,380.74
Shop and Equipment Expense	40,751.31	39,001.02
	<u>211,764.79</u>	<u>\$184,890.79</u>
Campsite Expense		
Cookery and Commissary Operation — Net	\$ 5,635.16	\$ 7,327.62
Labour	7,119.81	12,107.81
Heat, Light and Power	31,604.76	28,802.32
Maintenance and Warehouse Expense	35,444.56	46,176.60
	<u>79,804.29</u>	<u>\$ 94,414.35</u>
Total Production Cost	<u><u>\$804,680.21</u></u>	<u><u>\$758,636.82</u></u>

